

MONTANA ALTERNATIVE FUEL VEHICLE INCENTIVES AND LAWS



Montana is the proud home of the Missoula Clean Cities Coalition.

Overview

The primary incentive for alternative fuel vehicles (AFVs) in Montana is a 50% income tax credit. The tax credit is available for conversion costs for vehicles to operate on alternative fuels. Up to \$500 is available for conversion of vehicles under 10,000 lbs. gross vehicle weight (gvw) and up to \$1,000 is available for heavier vehicles. Several utility companies in Montana offer incentives for natural gas vehicles (NGVs).

Highlights

- \$ From \$500 to \$1,000 tax credit for 50% of the conversion costs for AFVs
- \$ Up to \$500 for a 10% credit on the incremental cost of purchasing a new NGV from Montana-Dakota Utilities Co.
- \$ Up to \$3,000 in interest free loans from Montana Power for the costs of converting vehicles to natural gas

State Incentives

- \$ A 50% income tax credit is available to businesses or individuals for equipment and labor costs for the conversion of vehicles to operate on alternative fuels. Up to a \$500 tax credit is available for conversion of vehicles under 10,000 lbs. gvw and \$1,000 for heavier vehicles. Contact Bob Frantz at the Montana Department of Environmental Quality, at (406) 444-6764, for additional information on Montana AFV programs.

Utility/Private Incentives

- \$ **Montana-Dakota Utilities Co.** provides a 10% credit on the incremental cost of purchasing the natural gas option on an original equipment manufacturer (OEM) vehicle, up to \$500. Montana-Dakota Utilities Co. also offers incentives for conversions to compressed natural gas (CNG) on a case-by-case basis. Two subsidiaries of Montana-Dakota Utilities Co. offer incentives for conversions to liquefied petroleum gas (LPG), on a case-by-case basis. Montana-Dakota operates 3 CNG refueling stations in Montana. Contact Bruce Nelson at (701) 222-7784 for additional information.
- \$ **Montana Power** offers interest free loans, up to a maximum of \$3,000, with a 36-month payback period for the costs of converting vehicles to natural gas. In addition, Montana Power provides CNG refueling station construction assistance, temporary refueling facilities, and conversion training. Montana Power operates 7 CNG public refueling stations in Montana. For more information, call Wally Norley at (406) 723-5454, extension 7-2388.

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Laws & Regulations

State law requires that all state vehicles must be fueled with ethanol blended fuels whenever available and competitively priced with conventional fuels.

LPG fueled vehicles are subject to an annual license tax fee.

Senate Bill 374 (1993) establishes a production-based ethanol tax incentive if funding is available. A 30¢/gallon ethanol producer payment for production of fuel is provided for state producers. The \$6 million in funding for the program is available on a first-come first-served basis.

Retail sales for natural gas used in vehicles is subject to a BTU tax in the state similar to the tax on diesel fuel.

Points of Contact

Missoula Clean Cities Coordinator

Benjamin Schmidt (406) 523-4755
Missoula City/County Health Department

Montana State Energy Office

Montana Department of Environmental Quality
Bob Frantz (406) 444-6764

Montana-Dakota Utilities Company

Bruce Nelson (701) 222-7784

Montana Power

Wally Norley (406) 723-5454
extension 7-2388

Montana State Transportation Contact

Department of Transportation
Patricia Saindon (406) 444-3143

U.S. Department of Energy

Regional Support Offices

Denver Regional Support Office
Laura Adducci (303) 231-5750
extension 155

U.S. Department of Transportation Contacts

Federal Highway Administration

Region 8
Robin Smith (303) 969-6712

Federal Transit Administration

Region 8
Don Cover (303) 844-3242

General Services Administration

Regional Fleet Manager

Region 8
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U.S. Environmental Protection Agency

Regional Pollution Prevention Coordinator

Region 8
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